



An Exelon Company

OFFICIAL FILE

ILLINOIS COMMERCE COMMISSION  
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COMMERCE COMMISSION

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July 9, 2002

By Airborne Express

Ms. Donna M. Caton  
Chief Clerk of the Illinois Commerce Commission  
527 Capital Avenue  
Springfield, IL 62701

*Rept. of  
Final Journal  
Entries*

*00-0369/0394*

Re: Commonwealth Edison Company - Final journal entries pursuant to Section 16-111(g) of the Public Utilities Act.

Dear Ms. Caton:

Enclosed for filing with the Illinois Commerce Commission is a schedule of the final journal entries (Exhibit A) related to the Merger of Unicom and PECO as originally filed with the Illinois Commerce Commission on November 23, 1999, pursuant to Section 16-111(g) of the Public Utilities Act.

If you have any questions, please do not hesitate to call.

Sincerely,

*Kevin J. Waden*

Kevin J. Waden  
Financial Reporting Manager

Enclosure

CC: Mary Selvaggio

**COMMONWEALTH EDISON COMPANY  
FINAL JOURNAL ENTRIES REFLECTING THE  
MERGER OF UNICOM AND PECO  
ORIGINALLY FILED PURSUANT TO SECTION 16-111(g) ON NOVEMBER 23, 1999**

**SCHEDULE OF ACCOUNTING ENTRIES:**

<u>ICC Account</u>	<u>Debit</u>	<u>Credit</u>
	(in millions)	
1. Merger related entries recorded in 2000.		
114 Electric Plant Acquisition Adjustment		\$ 4,748
120.3 Nuclear Fuel Assemblies In Reactor		42
114 Electric Plant Acquisition Adjustment (Goodwill)	\$ 4,789	
124 Other Investments	81	
158 Allowance Inventory	3	
154 Materials and Supplies		19
186 Miscellaneous Deferred Debits	41	
255 Accumulated Deferred Investment Tax Credits	401	
232 Accounts Payable (Severance)		150
228.3 Accumulated Provisions for Pension Benefits (Severance)		157
228.3 Accumulated Provisions for Pension Benefits	459	
213 Discount on Capital Stock	22	
225,226 Unamortized Premium On Long-term Debt and Unamortized Discount on Long-term Debt, (net)	94	
234 Accounts Payable to Associated Companies		8
242 Miscellaneous Current and Accrued Liabilities		32
190,254,282 Accumulated Deferred Income Taxes	1,645	
207,211 Premium on Capital Stock and Miscellaneous Paid-in Capital		3,177
215,216 Retained Earnings	792	
216 Accumulated Other Comprehensive Income	6	

(See the "Notes to Schedule of Accounting Entries" on page 2)

2. Merger related adjustments recorded in 2001.		
114 Electric Plant Acquisition Adjustment (Goodwill)	\$ 262	
182.3 Other Regulatory Assets		\$ 347
232 Accounts Payable (Severance)		33
228.3 Accumulated Provisions for Pension Benefits (Severance)	6	
190,254,282 Accumulated Deferred Income Taxes	114	
Various Other Miscellaneous Adjustments, (net)		2

(See the "Notes to Schedule of Accounting Entries" on page 2)

**COMMONWEALTH EDISON COMPANY  
FINAL JOURNAL ENTRIES REFLECTING THE  
MERGER OF UNICOM AND PECO  
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**NOTES TO SCHEDULE OF ACCOUNTING ENTRIES:**

On October 20, 2000, Exelon Corporation (Exelon) became the parent corporation of PECO Energy Company (PECO) and ComEd as a result of the completion of the transactions contemplated by an Agreement and Plan of Exchange and Merger, as amended (Merger Agreement), among PECO, Unicom Corporation (Unicom), and Exelon. Pursuant to the Merger Agreement, Unicom merged with and into Exelon (Merger). In the Merger, each share of the outstanding common stock of Unicom was converted into 0.875 shares of common stock of Exelon plus \$3.00 in cash. As a result of the Merger, Unicom ceased to exist and its subsidiaries, including ComEd, became subsidiaries of Exelon.

The Merger was accounted for using the purchase method of accounting under generally accepted accounting principles. Purchase transactions resulting in one entity becoming substantially wholly-owned by the acquirer establish a new basis of accounting in the acquired entity's records for the purchased assets and liabilities. Thus, the purchase price has been allocated to the underlying assets purchased and liabilities assumed based on their estimated fair values at the acquisition date. As a result of the application of the purchase method of accounting, the fair value adjustments reflected on page 1 of Exhibit A, including the elimination of retained earnings and other comprehensive income, were recorded in ComEd's consolidated balance sheets on October 20, 2000.

Reductions to the carrying value of property, plant and equipment balances primarily reflect the fair value of the nuclear generating assets based on discounted cash flow analyses and independent appraisals. Adjustments to deferred income taxes, long-term debt, preferred securities, and other assets and liabilities were recorded based on the estimate of fair market value.

Reductions to unamortized investment tax credits represents the adjustment of generating asset investment tax credits to fair value. Merger severance obligations relating to ComEd's employee exit costs were recorded in the purchase price allocation. Reductions to pension and postretirement benefit obligations primarily reflect elimination of unrecognized net actuarial gains, prior service costs and transition obligations.

Goodwill represents the purchase price allocation to ComEd of the cost in excess of net assets acquired in the Merger, which was amortized over a forty year period for 2000 and 2001. Annual amortization of goodwill related to the Merger of \$126 million was discontinued upon adoption of SFAS 142, Goodwill and Other Intangible Assets.

Goodwill associated with the Merger increased by \$262 million in 2001 as a result of the finalization of the purchase price allocation. The adjustment resulted primarily from the after-tax effects of a reduction of the regulatory asset for decommissioning retired nuclear plants, additional employee separation costs and the finalization of other purchase price allocations.